

AMENDED IN ASSEMBLY MAY 23, 2014

AMENDED IN ASSEMBLY APRIL 1, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 1894

Introduced by Assembly Member Ammiano
(Coauthor: Assembly Member Bonta)

February 19, 2014

An act to amend Sections 2220.05, 2242, and 2264 of, and to add Chapter 18 (commencing with Section 26000) to Division 9 of, the Business and Professions Code, *to add Section 23028 to the Government Code, and* to amend Section 11362.7 of, and to amend and repeal Section 11362.775 of, the Health and Safety Code, ~~and to add Chapter 4 (commencing with Section 7294) to Part 1.7 of Division 2 of the Revenue and Taxation Code,~~ relating to medical cannabis, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

AB 1894, as amended, Ammiano. ~~Falsely filed liens or encumbrances.~~
Medical cannabis.

(1) Existing law, the Compassionate Use Act of 1996, an initiative measure enacted by the approval of Proposition 215 at the November 6, 1996, statewide general election, authorizes the use of marijuana for medical purposes. Existing law enacted by the Legislature, commonly referred to as the Medical Marijuana Program Act, requires the establishment of a program for the issuance of identification cards to qualified patients so that they may lawfully use marijuana for medical purposes, and requires the establishment of guidelines for the lawful cultivation of marijuana grown for medical use.

The Medical Practice Act provides for the regulation and licensing of physicians and surgeons by the Medical Board of California and requires the board to prioritize investigations and prosecutions of physicians and surgeons representing the greatest threat of harm, as specified. Existing law identifies the cases that are to be given priority, which include cases of repeated acts of excessively prescribing, furnishing, or administering controlled substances without a good faith prior examination of the patient. Existing law makes it unprofessional conduct for a physician and surgeon to prescribe, dispense, or furnish dangerous drugs without an appropriate prior examination and medical indication. Existing law also makes it unprofessional conduct to employ, aid, or abet an unlicensed person in the practice of medicine. Existing law generally makes any person who violates these provisions guilty of a misdemeanor.

This bill would enact the Medical Cannabis Regulation and Control Act and would create the Division of Medical Cannabis Regulation and Enforcement within the Department of Alcoholic Beverage Control, to be administered by a person exempt from civil service who is appointed by the Director of Alcoholic Beverage Control. The bill would grant the department the ~~exclusive~~ power to register persons for the cultivation, manufacture, testing, transportation, storage, distribution, and sale of medical cannabis within the state ~~subject to specified exemptions for~~ *provided that the authority of a city or county to adopt ordinances inconsistent with the requirements of the act that ban, regulate, or tax medical cannabis activities, and to enforce those ordinances, would not be affected by the act.* The bill would provide that the director and persons employed by the department to administer and enforce its provisions are peace officers. The bill would prescribe requirements for the issuance, renewal, suspension, and revocation of mandatory commercial registrations and fees in relation to these activities. The bill would permit the department to assist statewide taxation authorities in the development of uniform policies for ~~the state~~ taxation of mandatory commercial medical cannabis registrants and to assist in the development of regulation in connection with work safety in this industry. The bill would authorize the division to establish a grant program for the purpose of funding medical cannabis regulation and enforcement.

The bill would establish the Medical Cannabis Regulation Fund and would require deposit of fees into the fund. The bill would continuously appropriate moneys within the fund to the division for the purposes of

administering the program. The bill would require the deposit of penalty money into the General Fund.

The bill would require the department, on or before January 1, 2016, to issue regulations as necessary for the implementation and enforcement of mandatory commercial medical cannabis registration, as specified, ~~and including requirements analogous to statutory environmental, agricultural, consumer protection, and food and product safety requirements.~~ *The bill would require the department to administer and enforce these requirements.* The bill would prescribe requirements for provisional registrations to be operative January 1, 2015. The bill would prohibit approval of a mandatory commercial registration for specified reasons, including if a licensed physician making patient recommendations for medical cannabis is an interested party in the proposed operation, and would prohibit a physician from recommending medical cannabis to a patient while he or she is a mandatory commercial registrant, or associated, as specified, with a mandatory commercial registrant. *The bill would prohibit a registrant from holding a one registration in more than one class of medical cannabis activities.*

The bill would require a registrant to keep various records in connections with medical cannabis activities and would prescribe requirements for making records available to the department and any state or local agency. The bill would provide that certain patient and caregiver information is excluded from disclosure to the public. *The bill would provide that the act does not apply to the protections granted to a patient or primary caregiver acting pursuant to the Compassionate Use Act of 1996 and would exempt these parties from the application of the act, provided they act consistently with specified requirements.* The bill would provide that the actions of a mandatory commercial registrant or provisional registrant, its employees, and its agents that are permitted pursuant to a valid mandatory commercial registration issued by the division and that are conducted in accordance with the requirements of the act are not unlawful *under state law*, as specified. The bill would provide a similar *state law* immunity for a property owner who allows his or her property to be used by a mandatory commercial registrant or provisional registrant.

The bill would require the department to work in conjunction with law enforcement entities throughout the state to implement and enforce the rules and regulations regarding medical cannabis and to take appropriate action against businesses and individuals that fail to comply with the law. The bill would prohibit, on and after January 1, 2016, a

person other than a mandatory commercial registrant from selling cannabis or cannabis products or performing other actions related to cannabis, except as specified. The bill would provide that its provisions do not affect local zoning ordinances or laws of general application *prevent specified city or county actions, including zoning ordinances banning or regulating the location, operation, or establishment of a commercial registrant.* The bill would make certain violations of its provisions a crime, thereby imposing a state-mandated local program. The bill would establish requirements for the transportation of medical cannabis. The bill would specify that its provisions are severable.

The bill would specify that recommending marijuana to patients without a good faith examination and medical reason *or recommending marijuana for nonmedical purposes* is unprofessional conduct ~~and is a type of case conduct.~~ The bill would provide that specified acts of recommending marijuana without a good faith examination are among the types of cases that should be given priority for investigation and prosecution by the Medical Board of California, as described above. The bill would also specify that employment by, or an agreement with, a mandatory medical cannabis registrant to provide recommendations for medical marijuana constitutes unprofessional conduct. By broadening the definition of a crime, the bill would impose a state-mandated local program. The bill would repeal, 90 days after the department posts a specified notice on its Internet Web site, the provisions described above prohibiting prosecution of qualified patients, persons with valid identification cards, and designated primary caregivers who associate in California, collectively or cooperatively, to cultivate marijuana for medical purposes.

(2) Existing law authorizes the board of supervisors of a county and the governing body of a city to ~~levy, increase, or extend~~ *impose various taxes, including* a transactions and use tax at a rate of 0.25%, or a multiple thereof, if approved by the required vote of the board or governing body and the required vote of qualified voters, and limits the combined rate of transactions and use taxes within a city or county to 2%.

This bill would ~~additionally authorize the board of supervisors of a county and the governing body of a city to levy, increase, or extend transactions and use taxes on the retail sale of or storage, use, or other consumption of, medical marijuana or medical marijuana-infused products for general and specified purposes, as provided, at a combined rate, as provided, not to exceed 5%.~~ *to impose, by ordinance, a tax on*

the privilege of cultivating, dispensing, producing, processing, preparing, storing, providing, donating, selling, or distributing cannabis or cannabis products, including a transactions and use tax at any rate specified by the board. The bill would authorize the tax to be imposed for either general or specific governmental purposes. The bill would require a tax imposed pursuant to this authority to be subject to any applicable voter approval requirement.

(3) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: yes. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. This act shall be known, and may be cited, as the
2 Medical Cannabis Regulation and Control Act.

3 SEC. 2. (a) The Legislature finds and declares all of the
4 following:

5 (1) In 1996, the people of the State of California enacted the
6 Compassionate Use Act of 1996, codified in Section 11362.5 of
7 the Health and Safety Code. The people of the State of California
8 declared that their purpose in enacting the measure was, among
9 other things, “to ensure that seriously ill Californians have the
10 right to obtain and use marijuana for medical purposes where that
11 medical use is deemed appropriate and has been recommended by
12 a physician who has determined that the person’s health would
13 benefit from the use of marijuana in the treatment of cancer,
14 anorexia, AIDS, chronic pain, spasticity, glaucoma, arthritis,
15 migraine, or any other illness for which marijuana provides relief.”

16 (2) The Compassionate Use Act of 1996 called on state
17 government to implement a plan for the safe and affordable
18 distribution of marijuana to all patients in medical need of
19 marijuana.

20 (3) In 2003, the Legislature enacted the Medical Marijuana
21 Program Act (MMPA), codified in Article 2.5 (commencing with
22 Section 11362.7) of Chapter 6 of Division 10 of the Health and
23 Safety Code. ~~Under the guidance of the MMPA, approximately~~

1 ~~60 California cities and counties have created medical marijuana~~
2 ~~access ordinances that can act as a guide for the state. However,~~
3 ~~many other cities and counties are calling for more guidance and~~
4 ~~regulation from the state and have passed bans or moratoria on~~
5 ~~medical marijuana cultivation and distribution while awaiting this~~
6 ~~guidance.~~

7 (4) Greater certainty and—~~uniformity~~ *minimum statewide*
8 *standards* are urgently needed regarding the ~~rights and obligations~~
9 of medical marijuana facilities, and for the imposition and
10 enforcement of regulations to prevent unlawful cultivation and the
11 diversion of marijuana to nonmedical use.

12 (5) Despite the passage of the Compassionate Use Act of 1996
13 and the MMPA, because of the lack of an effective statewide
14 system for regulating and controlling medical marijuana, local law
15 enforcement officials have been confronted with uncertainty about
16 the legality of some medical marijuana cultivation and distribution
17 activities. The current system of collectives and cooperatives makes
18 law enforcement difficult and endangers patient safety because of
19 an inability to monitor the supply of medical marijuana in the state
20 and the lack of quality control, testing, and labeling requirements.
21 ~~As a result, many cities and counties have passed local ordinances~~
22 ~~that in some cases ban the cultivation or distribution of medical~~
23 ~~marijuana.~~

24 (6) For the protection of all Californians, the state must act to
25 regulate and control medical marijuana and not preempt local
26 government ordinances. Cities and counties should be allowed to
27 impose—~~reasonable~~ local taxes and enact—~~reasonable~~ zoning
28 regulations and other restrictions, *including bans*, applicable to
29 the *commercial* cultivation and distribution of medical marijuana
30 based on *a local governing body's determination of* local needs.
31 In order to provide patients with access to safe medical marijuana
32 products, while at the same time preventing diversion of marijuana
33 to nonmedical uses and protecting the public, it is necessary to
34 amend the MMPA and to establish a comprehensive structure for
35 regulating the cultivation, production, and distribution of medical
36 marijuana products.

37 (7) A state entity shall be created to regulate and control the
38 mandatory registration of all entities involved in the commercial
39 cultivation, processing, manufacturing, testing, transportation,
40 distribution, *provision, donation*, and sale of medical marijuana

1 in this state. Patients and their primary caregivers ~~shall continue~~
2 ~~to be allowed to~~ *who* cultivate medical marijuana for the personal
3 medical purposes of ~~the individual patient~~, *patients shall not be*
4 *subject to the statewide system of regulation established by this*
5 *act* but only medical marijuana produced in compliance with this
6 act may be sold or commercially distributed.

7 (8) This act is not intended to prevent cities and counties from
8 imposing ~~reasonable~~ local taxes and enacting ~~reasonable~~ zoning
9 regulations and other restrictions, *including bans*, applicable to
10 the commercial cultivation and distribution of medical marijuana
11 based on *a local governing body's determination of* local needs.

12 (9) It is the intent of the Legislature that the state entity created
13 to regulate and control medical marijuana solicit input from cities
14 and counties ~~that have local ordinances or regulations allowing~~
15 ~~for the registering, permitting, or licensing of medical marijuana~~
16 ~~businesses, dispensaries, or other entities involved in providing~~
17 ~~medical marijuana to patients~~ in the process of promulgating
18 standards and regulations pursuant to this act.

19 (10) It is the intent of the Legislature that entities provided
20 immunity under Measure D, approved by the voters of the City of
21 Los Angeles ~~on~~ *at the May 21, 2013, ballot, general election*, shall
22 be considered the equivalent of entities that are registered,
23 permitted, or licensed as a medical marijuana business, dispensary,
24 or other entity involved in providing medical marijuana to patients
25 under a local ordinance and shall be considered in compliance with
26 a local ordinance for the purposes of the implementation of this
27 act and any regulations promulgated by the Department of
28 Alcoholic Beverage Control.

29 (11) The provisions of this act are enacted pursuant to the
30 powers reserved to the State of California and its people under the
31 Tenth Amendment to the United States Constitution.

32 (12) Nothing in this act is intended to require any individual or
33 entity to engage in any conduct that violates federal law or to
34 exempt anyone from any requirement of federal law or to pose
35 any obstacle to federal enforcement of federal law.

36 (b) It is therefore the intent of the Legislature, in enacting this
37 act, to accomplish all of the following:

38 (1) To establish a statewide system for regulating and controlling
39 commercial medical cannabis activities by creating a state entity
40 to enact and enforce regulations governing the cultivation,

1 processing, manufacturing, testing, transportation, distribution,
2 *provision, donation*, and sale of commercial medical cannabis.

3 (2) To allow cities and counties to enact ~~reasonable~~ zoning
4 regulations or other restrictions, *including bans*, applicable to the
5 cultivation, processing, manufacturing, testing, and distribution
6 of commercial medical cannabis based on *a local governing body's*
7 *determination of* local needs.

8 (3) To establish the Division of Medical Cannabis Regulation
9 and Enforcement to be located within the Department of Alcoholic
10 Beverage Control to provide a governmental agency that will
11 ensure the strict, honest, impartial, and uniform administration and
12 enforcement of the ~~medical cannabis laws~~ *statewide regulatory*
13 *system established by this act* throughout the state.

14 (4) To ~~fulfill the promise~~ *enact legislation in furtherance* of the
15 Compassionate Use Act of ~~1996~~ *1996*, *which provides for the*
16 *Legislature* to “implement a plan for the safe and affordable
17 distribution of marijuana to all patients in medical need of
18 marijuana.”

19 (5) To establish a statewide registration process for commercial
20 medical cannabis activities to identify for law enforcement which
21 entities are exempt from state criminal penalties *for the cultivation,*
22 *processing, manufacturing, testing, transportation, distribution,*
23 *provision, donation, and sale of medical cannabis solely on the*
24 *basis of their activities conducted in compliance with this act.*

25 (6) To reduce the cost of commercial medical cannabis
26 enforcement by controlling commercial medical cannabis
27 production and distribution through comprehensive statewide
28 regulation and providing law enforcement guidelines to more easily
29 determine whether or not a person is acting in conformance with
30 the state's medical cannabis laws.

31 SEC. 3. Section 2220.05 of the Business and Professions Code
32 is amended to read:

33 2220.05. (a) In order to ensure that its resources are maximized
34 for the protection of the public, the Medical Board of California
35 shall prioritize its investigative and prosecutorial resources to
36 ensure that physicians and surgeons representing the greatest threat
37 of harm are identified and disciplined expeditiously. Cases
38 involving any of the following allegations shall be handled on a
39 priority basis, as follows, with the highest priority being given to
40 cases in the first paragraph:

1 (1) Gross negligence, incompetence, or repeated negligent acts
2 that involve death or serious bodily injury to one or more patients,
3 such that the physician and surgeon represents a danger to the
4 public.

5 (2) Drug or alcohol abuse by a physician and surgeon involving
6 death or serious bodily injury to a patient.

7 (3) Repeated acts of clearly excessive prescribing, furnishing,
8 or administering of controlled substances, or repeated acts of
9 prescribing, dispensing, or furnishing of controlled substances, or
10 recommending marijuana to patients for medical purposes, without
11 a good faith prior examination of the patient and medical reason
12 therefor. However, in no event shall a physician and surgeon
13 prescribing, furnishing, or administering controlled substances for
14 intractable pain consistent with lawful prescribing, including, but
15 not limited to, Sections 725, 2241.5, and 2241.6 of this code and
16 Sections 11159.2 and 124961 of the Health and Safety Code, be
17 prosecuted for excessive prescribing and prompt review of the
18 applicability of these provisions shall be made in any complaint
19 that may implicate these provisions.

20 (4) Sexual misconduct with one or more patients during a course
21 of treatment or an examination.

22 (5) Practicing medicine while under the influence of drugs or
23 alcohol.

24 (b) The board may by regulation prioritize cases involving an
25 allegation of conduct that is not described in subdivision (a). Those
26 cases prioritized by regulation shall not be assigned a priority equal
27 to or higher than the priorities established in subdivision (a).

28 (c) The Medical Board of California shall indicate in its annual
29 report mandated by Section 2312 the number of temporary
30 restraining orders, interim suspension orders, and disciplinary
31 actions that are taken in each priority category specified in
32 subdivisions (a) and (b).

33 SEC. 4. Section 2242 of the Business and Professions Code is
34 amended to read:

35 2242. (a) Prescribing, dispensing, or furnishing dangerous
36 drugs as defined in Section 4022, or recommending marijuana to
37 a patient for ~~a medical purposes~~, *purpose*, without an appropriate
38 prior examination and a medical indication, including an in-person
39 examination when recommending marijuana, *or recommending*

1 *marijuana for a nonmedical purpose*, constitutes unprofessional
2 conduct.

3 (b) No licensee shall be found to have committed unprofessional
4 conduct within the meaning of this section if, at the time the drugs
5 were prescribed, dispensed, or furnished, any of the following
6 applies:

7 (1) The licensee was a designated physician and surgeon or
8 podiatrist serving in the absence of the patient's physician and
9 surgeon or podiatrist, as the case may be, and if the drugs were
10 prescribed, dispensed, or furnished only as necessary to maintain
11 the patient until the return of his or her practitioner, but in any case
12 no longer than 72 hours.

13 (2) The licensee transmitted the order for the drugs to a
14 registered nurse or to a licensed vocational nurse in an inpatient
15 facility, and if both of the following conditions exist:

16 (A) The practitioner had consulted with the registered nurse or
17 licensed vocational nurse who had reviewed the patient's records.

18 (B) The practitioner was designated as the practitioner to serve
19 in the absence of the patient's physician and surgeon or podiatrist,
20 as the case may be.

21 (3) The licensee was a designated practitioner serving in the
22 absence of the patient's physician and surgeon or podiatrist, as the
23 case may be, and was in possession of or had utilized the patient's
24 records and ordered the renewal of a medically indicated
25 prescription for an amount not exceeding the original prescription
26 in strength or amount or for more than one refill.

27 (4) The licensee was acting in accordance with Section 120582
28 of the Health and Safety Code.

29 SEC. 5. Section 2264 of the Business and Professions Code is
30 amended to read:

31 2264. The employing, directly or indirectly, the aiding, or the
32 abetting of any unlicensed person or any suspended, revoked, or
33 unlicensed practitioner to engage in the practice of medicine,
34 including employment by, or other agreement with, a mandatory
35 commercial registrant acting pursuant to the Medical Cannabis
36 Regulation and Control Act or a dispensary to provide
37 recommendations for medical marijuana, or any other mode of
38 treating the sick or afflicted which requires a license to practice
39 constitutes unprofessional conduct.

SEC. 6. Chapter 18 (commencing with Section 26000) is added to Division 9 of the Business and Professions Code, to read:

CHAPTER 18. MEDICAL CANNABIS REGULATION

Article 1. General Provisions

26000. (a) It is the intent of the Legislature in enacting this chapter to provide for the comprehensive regulation of the commercial cultivation, manufacturing, testing, transportation, distribution, *provision, donation*, and sale of medical cannabis and the enforcement of laws relating to commercial medical cannabis activities *without preempting city or county ordinances regulating or banning these activities*.

(b) This chapter is an exercise of the police powers of the state for the protection of the safety, welfare, health, peace, and morals of the people of the state.

26001. ~~Subject to Without limiting~~ the authority of a city or county pursuant to ~~Section 26010~~ *Section 7 of Article XI of the California Constitution or any other provision of law, and subject to that authority*, the state shall have the ~~exclusive~~ right and power to regulate and register persons for the cultivation, manufacture, testing, transportation, storage, distribution, *provision, donation*, sale, purchase, and possession of medical cannabis within the state. In the exercise of these rights and powers, the Legislature shall not constitute the state or any of its agencies as a cultivator, manufacturer, transporter, tester, or seller of medical cannabis.

26002. For the purpose of this chapter:

(a) “Cannabis” means all parts of the plant ~~Cannabis sativa L.~~ *sativa, cannabis indica, or cannabis ruderalis*, whether growing or not; the seeds thereof; the resin, *whether crude or purified*, extracted from any part of the plant; and every compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds, or resin. It does not include the mature stalks of the plant, fiber produced from the stalks, oil or cake made from the seeds of the plant, any other compound, manufacture, salt, derivative, mixture, or preparation of the mature stalks (except the resin extracted therefrom), fiber, oil, or cake, or the sterilized seed of the plant which is incapable of germination. ~~“Cannabis” also means the separated resin, whether crude or purified, obtained from~~

~~marijuana.~~ “Cannabis” also means marijuana as defined by Section 11018 of the Health and Safety Code as enacted by Chapter 1407 of the Statutes of 1972.

(b) “Commercial” means any cultivation, processing, possession, storage, manufacturing, testing, transportation, distribution, provision, donation, or sale of cannabis or cannabis product, whether or not gratuitous, except as provided in subdivision (b) of Section 26052.

~~(b)~~

(c) “Department” means the Department of Alcoholic Beverage Control.

~~(c)~~

(d) “Dispensary” means a mandatory commercial registrant that dispenses cannabis or medical cannabis products through a retail storefront.

~~(d)~~

(e) “Division” means the Division of Medical Cannabis Regulation and Enforcement.

(f) “Edible cannabis product” means a cannabis product that is used or intended for use in whole or in part for human consumption and includes chewing gum.

~~(e)~~

(g) “Fund” means the Medical Cannabis Regulation Fund established pursuant to Section 26028.

~~(f)~~

(h) “Identification program” means the universal identification certificate program for mandatory commercial registrants.

~~(g)~~

(i) “Mandatory commercial registrant” or “registrant” means any individual, partnership, joint venture, association, limited liability company, corporation, estate, trust, receiver, syndicate, or any other group or combination thereof acting as a unit to ~~commercially~~ cultivate, process, possess, store, manufacture, test, transport, distribute, *provide*, *donate*, or sell medical cannabis in compliance with this chapter, other than a patient or a patient’s primary caregiver, as defined by the Compassionate Use Act of 1996, growing, possessing, storing, manufacturing, transporting, or providing medical cannabis exclusively for the personal medical purposes of individual patients as defined in subdivision (b) of Section ~~26050~~ 26052.

1 ~~(h)~~

2 (j) “Medical cannabis product” or “*cannabis product*” means
3 any ~~cannabis product~~, *product containing cannabis*, including
4 concentrates and extractions, that is cultivated, *manufactured*,
5 processed, packaged, and distributed in full compliance with the
6 requirements of this chapter and with any regulations adopted by
7 the department pursuant to its rulemaking authority. “Medical
8 cannabis product” includes ~~medically infused~~ products that contain
9 medical cannabis and are intended for oral or topical consumption
10 by a qualified patient.

11 ~~(i)~~

12 (k) “Person” includes any individual, firm, copartnership, joint
13 venture, association, corporation, estate, trust, business trust,
14 receiver, syndicate, or any other group or combination acting as a
15 unit and includes the plural as well as the singular number.

16 ~~(j)~~

17 (l) “Testing and labeling” means mandatory labeling and a
18 quality assurance plan in place that addresses all of the following:

19 (1) Potency.

20 (2) Chemical residue.

21 (3) Microbiological contaminants.

22 (4) Random sample testing of medical cannabis and medical
23 cannabis products.

24 (5) Handling, care, and storage.

25 (6) Date and location of production and manufacturing.

26 26010. This chapter ~~does~~ and Article 2 (*commencing with*
27 *Section 11357*) and Article 2.5 (*commencing with Section 11362.7*)
28 *of Chapter 6 of Division 10 of the Health and Safety Code* do not
29 prevent a city or county from doing any of the following:

30 (a) Adopting local ordinances *inconsistent with this chapter* that
31 ban or regulate the location, operation, or establishment of a
32 mandatory commercial registrant *or other individual, partnership,*
33 *joint venture, association, limited liability company, corporation,*
34 *estate, trust, receiver, syndicate, or any other group or combination*
35 *thereof acting as a unit, that cultivates, processes, possesses, stores,*
36 *manufactures, tests, transports, distributes, provides, donates, or*
37 *sells medical cannabis.*

38 (b) The civil or criminal enforcement of the ordinances described
39 in subdivision (a).

1 (c) Establishing a ~~reasonable~~ fee *or tax* for the operation of a
2 mandatory commercial registrant within its jurisdiction.

3 (d) Enacting *and enforcing* other laws ~~consistent with this~~
4 ~~chapter or ordinances pursuant to the authority granted by Section~~
5 *7 of Article XI of the California Constitution.*

6
7 Article 2. Administration
8

9 26020. (a) There is hereby created in the Department of
10 Alcoholic Beverage Control the Division of Medical Cannabis
11 Regulation and Enforcement. The division shall be administered
12 by a person exempt from the civil service who is appointed by the
13 director.

14 (b) The department shall have the ~~exclusive~~ power, consistent
15 with the provisions of this chapter, to register persons for the
16 cultivation, manufacture, testing, transportation, storage,
17 distribution, and sale of medical cannabis within the state and to
18 collect registration fees in connection with these actions.

19 26022. The department shall have all power necessary for
20 administration of this chapter, including, but not limited to, the
21 following:

22 (a) Establishing statewide *minimum* standards for the
23 commercial cultivation, manufacturing, testing, transportation,
24 storage, distribution, *provision, donation*, and sale of medical
25 cannabis and medical cannabis products and procedures for the
26 issuance, renewal, suspension, and revocation of registrations of
27 mandatory commercial registrants.

28 (b) Establishing a scale of application, registration, and renewal
29 fees, to be imposed by the state, for mandatory commercial
30 registrants for the cultivation, manufacturing, testing,
31 transportation, distribution, and sale of medical cannabis and
32 medical cannabis products. The department may charge separate
33 fees for each mandatory commercial registration application for
34 cultivation, manufacturing, transportation, distribution, and sale.
35 The total fees imposed pursuant to this chapter shall be ~~reasonable~~
36 ~~and~~ based on the actual costs of administering and enforcing this
37 chapter.

38 (c) The department shall make and prescribe those ~~reasonable~~
39 rules as may be necessary or proper to carry out the purposes and
40 intent of this chapter and to enable it to exercise the powers and

perform the duties conferred upon it by this chapter and in accordance with Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code. For the performance of its duties, the department has the powers as set forth in Article 2 (commencing with Section 11180) of Chapter 2 of Part 1 of Division 3 of Title 2 of the Government Code.

(d) Approving or denying mandatory commercial registration applications for cultivation, manufacturing, testing and labeling, transportation, distribution, *provision, donation*, and sale of medical cannabis pursuant to this chapter.

(e) The department shall have the power, in its discretion, to deny, suspend, revoke, or fine any registration issued pursuant to this chapter if the department ~~determines, for good cause,~~ *determines* that the granting or continuance of the registration would be contrary to public welfare or morals or that a person holding or seeking a registration has violated any law prohibiting conduct involving moral turpitude *or an applicable local ordinance*.

(f) Imposing any penalty authorized by this chapter or any rule or regulation adopted pursuant to this chapter.

(g) Taking any ~~reasonable~~ action with respect to a mandatory commercial registration application in accordance with procedures established pursuant to this chapter.

(h) Upon the denial of any application for a registration, the department shall notify the applicant in writing. After service of the notice and within the time prescribed by the department, the applicant may present his or her written petition for a registration to the department. Upon receipt by the department of a petition for a registration in proper form, the petition shall be set for hearing.

(i) (1) For any hearing held pursuant to this chapter, the department may delegate the power to hear and decide to an administrative law judge appointed by the director. Any hearing before an administrative law judge shall be pursuant to the procedures, rules, and limitations prescribed in Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code.

(2) Prior to suspending, revoking, or fining any registration, the department shall file an accusation as provided for in Section 11503 of the Government Code, and the registrant may request a hearing.

1 *If the department determines that the public interest requires that*
2 *a registration be summarily suspended pending hearing on charges*
3 *of misconduct that include any of the causes for suspension or*
4 *revocation specified in this chapter, or if the department has*
5 *information that leads it to believe that a registrant has violated*
6 *any law prohibiting conduct involving moral turpitude or any*
7 *applicable local ordinance, the department may, without hearing,*
8 *temporarily suspend the registration for a period not exceeding*
9 *60 days pending a hearing and decision on the charges.*

10 (j) Developing any forms, identification certificates, and
11 applications that are necessary or convenient in the ~~reasonable~~
12 discretion of the department for the administration of this chapter
13 or any of the rules or regulations adopted pursuant to this chapter.

14 (k) Overseeing the operation of the Medical Cannabis Regulation
15 Fund established pursuant to Section 26028.

16 (l) Establishing ~~reasonable~~ fees for processing all applications,
17 registrations, notices, or reports required to be submitted to the
18 department. The amount of the fees shall reflect, but shall not
19 exceed, the direct and indirect costs of the department for the
20 administration of this chapter and the rules or regulations adopted
21 pursuant to this chapter.

22 (m) The department may consult with other state agencies,
23 departments, or public or private entities for the purposes of
24 establishing statewide standards and regulations.

25 26024. (a) The department may assist state taxation authorities
26 in the development of uniform policies for the *state* taxation of
27 mandatory commercial registrants.

28 (b) The department shall assist the Division of Occupational
29 Safety and Health in the Department of Industrial Relations in the
30 development of industry-specific regulations related to commercial
31 medical cannabis activities.

32 26028. (a) The Medical Cannabis Regulation Fund is hereby
33 established within the State Treasury. Notwithstanding Section
34 16305.7 of the Government Code, the fund shall include any
35 interest and dividends earned on the money in the fund.

36 (b) All fees collected pursuant to this chapter shall be deposited
37 into the Medical Cannabis Regulation Fund. Notwithstanding
38 Section 13340 of the Government Code, all moneys within the
39 fund are hereby continuously appropriated, without regard to fiscal
40 year, to the department solely for the purposes of fully funding

1 and administering this chapter, including, but not limited to, the
2 costs incurred by the department for its administrative expenses.

3 (c) All moneys collected pursuant to this chapter as a result of
4 penalties imposed under this division shall be deposited directly
5 into the General Fund, to be available upon appropriation.

6 (d) The department may establish and administer a grant
7 program to allocate moneys from the Medical Cannabis Regulation
8 Fund to state and local entities for the purpose of assisting with
9 ~~commercial~~ medical cannabis regulation and the enforcement of
10 this chapter *and other state and local laws applicable to*
11 *registrants*.

12 26030. (a) The director and the persons employed by the
13 department for the administration and enforcement of this chapter
14 are peace officers in the enforcement of the penal provisions of
15 this chapter, the rules of the department adopted under the
16 provisions of this chapter, and any other penal provisions of law
17 of this state prohibiting or regulating the cultivation, processing,
18 storing, manufacturing, testing, transporting, or selling of medical
19 cannabis, and these persons are authorized, while acting as peace
20 officers, to enforce any penal provisions of law while in the course
21 of their employment.

22 (b) The director, the persons employed by the department for
23 the administration and enforcement of this chapter, peace officers
24 listed in Section 830.1 of the Penal Code, and those officers listed
25 in Section 830.6 of the Penal Code while acting in the course and
26 scope of their employment as peace officers may, in enforcing the
27 provisions of this chapter, visit and inspect the premises of any
28 mandatory commercial registrant at any time during which the
29 registrant is acting pursuant to the registration.

30 (c) Peace officers of the Department of the California Highway
31 Patrol, members of the University of California and California
32 State University police departments, and peace officers of the
33 Department of Parks and Recreation, as defined in subdivisions
34 (a), (b), (c), and (f) of Section 830.2 of the Penal Code, may, in
35 enforcing this chapter, visit and inspect the premises of any
36 mandatory commercial registrant located on state property at any
37 time during which the registrant is acting pursuant to the
38 registration.

39 26034. (a) Information identifying the names of patients, their
40 medical conditions, or the names of their primary caregivers

received and contained in records kept by the department for the purposes of administering this chapter are confidential and exempt from the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code) and ~~or~~ *are* not subject to disclosure to any individual or private entity, except as necessary for authorized employees of the State of California to perform official duties pursuant to this chapter:

(b) (1) Nothing in this section precludes the following:

(A) Division employees notifying state or local ~~law enforcement agencies~~ about information submitted to the division that the employee suspects is falsified or fraudulent.

(B) Notifications from the division to state or local ~~law enforcement agencies~~ about apparent ~~criminal violation~~ *violations* of this chapter *or any applicable local ordinance*.

(C) Verification of requests by state or local ~~law enforcement agencies~~ to confirm registrants and certificates issued by the division or other state agency.

(D) Provision of information requested pursuant to a court order or subpoena issued by a court *or an administrative agency or local governing body authorized by law to issue subpoenas*.

(2) Information shall not be disclosed beyond what is necessary to achieve the ~~limited~~ goals of a specific investigation or *notification or* the parameters of a specific court order or subpoena.

Article 3. Mandatory Commercial Registration

26040. (a) On or before January 1, 2016, the department shall promulgate regulations necessary for the implementation and enforcement of this chapter. These regulations ~~shall be reasonable and~~ shall include:

(1) Procedures for the issuance, renewal, suspension, and revocation of mandatory commercial registrations.

(2) Application, registration, and renewal forms and fees consistent with this act.

(3) Time periods, not to exceed 90 days, by which the department shall approve or deny an application for medical cannabis registration.

(4) Qualifications for registrants.

1 (5) Security requirements, including, but not limited to,
2 procedures for limiting access to facilities and for the screening
3 of employees. The department shall require all registrants to
4 maintain an accurate roster of any employee's name, date of birth,
5 and relevant personally identifying information, which shall be
6 available for inspection by the department or state or local law
7 enforcement upon demand.

8 (6) Testing and labeling requirements, including, but not limited
9 to, disclosure of the active cannabinoid profile, constituent
10 elements, active ingredients, and results of testing for contaminants.

11 (7) Health and safety requirements, including, but not limited
12 to, prohibitions on shipping or distribution of products containing
13 microbiological, bacterial, pathogenic yeast or mold counts, or
14 any adulterant or contaminant, that exceed levels to be determined
15 by the department.

16 (8) Inspection and tracking requirements, including, but not
17 limited to, an electronic production and inventory tracking system
18 that will allow the department to monitor inventory data at every
19 level of the cultivation, processing, and distribution system through
20 a secure, Internet Web site-based portal.

21 (9) Storage, packaging, and transportation procedures and
22 protocols.

23 (10) Advertising restrictions and requirements.

24 (11) Requirements to ensure conformance with ~~applicable~~
25 *standards analogous to* state statutory environmental, agricultural,
26 *consumer protection*, and food and product safety requirements.
27 ~~The department may consult with the California Environmental~~
28 ~~Protection Agency to determine whether additional regulations~~
29 ~~should be issued in order to protect the state's clean water and~~
30 ~~environment, including, but not limited to, protections related to~~
31 ~~land conversion, grading, water diversion and pond development,~~
32 ~~and agricultural discharges. These standards shall be administered~~
33 ~~and enforced by the department and shall be in addition to, and~~
34 ~~not limit, any other state requirements. At a minimum, these~~
35 ~~standards shall:~~

36 (A) *Prescribe sanitation standards analogous to the California*
37 *Retail Food Code for food preparation, storage, and handling and*
38 *sale of edible cannabis products.*

39 (B) *Require that edible cannabis products produced, distributed,*
40 *provided, donated, or sold by mandatory commercial registrants*

1 *shall be limited to nonpotentially hazardous food as established*
2 *by the State Department of Public Health pursuant to Section*
3 *114365.5 of Health and Safety Code.*

4 *(C) Provide standards for labeling edible cannabis products to*
5 *ensure that the products cannot be mistaken as food not containing*
6 *cannabis.*

7 *(D) Require that facilities in which edible cannabis products*
8 *are prepared shall be constructed in accordance with applicable*
9 *building standards, health and safety standards, and other state*
10 *laws.*

11 *(E) Ensure that edible products distributed or sold by*
12 *dispensaries are not produced or stored in private homes.*

13 *(F) Provide that any weighing or measuring devices used in*
14 *connection with the sale or distribution of cannabis are required*
15 *to meet standards analogous to Division 5 (commencing with*
16 *Section 12001) of the Business and Professions Code.*

17 *(G) Require that any application of pesticides or other pest*
18 *control in connection with the indoor or outdoor cultivation of*
19 *cannabis shall meet standards analogous to Division 6*
20 *(commencing with Section 11401) of the Food and Agricultural*
21 *Code and its implementing regulations.*

22 *(H) Protect the state's clean water and environment, including,*
23 *but not limited to, protections related to land conversion, grading,*
24 *water diversion and pond development, and agricultural*
25 *discharges.*

26 *(12) Requirements to prevent the diversion of cannabis to*
27 *nonmedical use, including procedures and protocols for disposal*
28 *of excess, contaminated, adulterated, or deteriorated products.*

29 *(13) Civil penalties for the failure to comply with regulations*
30 *adopted pursuant to this chapter.*

31 *(b) A mandatory commercial registration application or renewal*
32 *shall not be approved if the department determines any of the*
33 *following:*

34 *(1) The applicant fails to meet the requirements of this chapter*
35 *or any regulation adopted pursuant to this ~~chapter, including~~*
36 *~~chapter~~ or any applicable city or county ordinance or regulation.*

37 *(2) The applicant, or any of its ~~officers or directors,~~ officers,*
38 *directors, owners, members, or shareholders is under 21 years of*
39 *age.*

1 (3) The applicant has knowingly answered a question or request
2 for information falsely on the application form or failed to provide
3 information requested.

4 (4) The applicant, or any of its ~~officers or directors~~, *officers,*
5 *directors, owners, members, or shareholders* has been convicted
6 in the previous five years of a violent felony, as specified in
7 subdivision (c) of Section 667.5 of the Penal Code, a serious felony
8 as specified in subdivision (c) of Section 1192.7 of the Penal Code,
9 a felony offense involving fraud or deceit, or any other felony that,
10 in the department's estimation, would impair the applicant's ability
11 to appropriately operate as a mandatory commercial registrant.

12 (5) The applicant, or any of its ~~officers or directors~~, *officers,*
13 *directors, owners, members, or shareholders* is a licensed physician
14 making patient recommendations for medical cannabis.

15 (6) The applicant, or any of its ~~officers or directors~~, *officers,*
16 *directors, owners, members, or shareholders* has been sanctioned
17 by the department, a city, or a county for ~~unregistered commercial~~
18 ~~medical~~ cannabis activities *conducted in violation of this chapter*
19 *or any applicable local ordinance* or has had a mandatory
20 commercial registration revoked in the previous three years.

21 (7) A sufficient number of mandatory commercial registrants
22 already exists in the state, a city, or a county to provide a sufficient
23 amount of medical cannabis to satisfy patients' medical use in that
24 jurisdiction.

25 (8) *The proposed cultivation, processing, possession, storage,*
26 *manufacturing, testing, transporting, distribution, provision,*
27 *donation, or sale of medical cannabis will violate any applicable*
28 *local law or ordinance.*

29 (c) (1) In order to protect the public safety and provide patients
30 with prompt, safe access to medical cannabis during
31 implementation of this chapter, within 180 days of January 1, 2015,
32 the department shall issue emergency regulations consistent with
33 this chapter that allow a qualified applicant for mandatory
34 commercial registration to apply, be reviewed, and be registered
35 to cultivate, process, manufacture, store, and transport medical
36 cannabis so as to ensure an adequate supply of medical cannabis
37 upon full implementation of this chapter.

38 (2) The department shall establish appropriate fees as part of
39 its emergency regulations adopted pursuant to this chapter.

1 26042. For the purpose of regulating the commercial
2 cultivation, manufacturing, testing, transportation, distribution,
3 *provision, donation*, and sale of medical cannabis, the department;
4 ~~in its reasonable discretion, may~~ *shall* establish various classes or
5 types of registration for specific commercial medical
6 cannabis-related activities, as set forth in this chapter. *At a*
7 *minimum, registrants engaged in the cultivation and processing*
8 *of cannabis shall be in a different class from those registrants*
9 *operating dispensaries.*

10 26043. (a) Each mandatory commercial registration application
11 approved by the department pursuant to this chapter is separate
12 and distinct. ~~An applicant may apply for~~ *A registrant shall not*
13 *hold a mandatory commercial registration in more than one class*
14 *of specified medical cannabis activities. A registrant shall not be*
15 *an officer, director, member, owner, or shareholder registrant in*
16 *another class. The officers, directors, owners, members, or*
17 *shareholders of a registrant in one class may not hold a*
18 *registration in another class, and may not be an officer, director,*
19 *member, owner, or shareholder of a registrant in another class.*

20 (b) A mandatory commercial registration application approved
21 by the department pursuant to this chapter shall be valid for a
22 period not to exceed one year from the date of approval unless
23 revoked or suspended *earlier than that date* pursuant to this chapter
24 or the rules or regulations adopted pursuant to this chapter.

25 26044. (a) The department shall limit the number of
26 registrations statewide for the cultivation, processing, extraction,
27 packaging, and transportation of medical cannabis to a number no
28 greater than what is necessary to meet statewide need. In
29 determining the appropriate number of registrations, the department
30 may take into account information obtained from sources that
31 include, but need not be limited to, municipalities, patients, and
32 registrants.

33 (b) The department shall ensure that the number of registrations
34 that it approves does not exceed the ability of the department to
35 enforce the provisions of this chapter, particularly with respect to
36 ensuring patient safety and preventing illegal diversion of cannabis.

37 (c) In establishing limits pursuant to this section, the department
38 shall consider the following:

39 (1) The purposes and intent of the Compassionate Use Act of
40 1996 to ensure an adequate supply of medical cannabis while

endeavoring to prevent an oversupply of cannabis that may result in diversion.

(2) The number of applicants for mandatory commercial registrations whose application demonstrates that they will be able to produce consistent products with strict quality controls, in full compliance with this chapter and with all applicable state and local regulations, and the amount of medical cannabis those applicants will be able to provide.

26045. Every mandatory commercial registration is renewable unless the registration has been revoked if the renewal registration is made and the fee for it is paid. *A registration that has been suspended, but not revoked, may be renewed under this section, provided that the suspension shall remain in effect upon renewal.* All registrations expire at 12 midnight on the last day of the month posted on the registration. All registrations issued shall be renewed as follows:

~~(a) On or before the first of the month preceding the month posted on the registration, the department shall mail to each registrant at his or her registered premises, or at any other mailing address that the registrant has designated, an application to renew the registration.~~

~~(b)~~

(a) The application to renew the registration may be filed before the registration expires upon payment of the annual fee.

~~(c)~~

(b) For 60 days after the registration expires, the registration may be renewed upon payment of the annual renewal fee plus a penalty fee that shall be equal to 50 percent of the annual fee.

~~(d)~~

(c) Unless otherwise terminated, or unless renewed pursuant to subdivision ~~(b) or (c)~~, (a) or (b), a registration that is in effect on the month posted on the registration continues in effect through 12 midnight of the 60th day following the month posted on the registration, at which time it is automatically canceled.

~~(e) On or before the 10th day preceding the cancellation of a registration, the department shall mail a notice of cancellation to each registrant that has not either filed an application to renew its registration or notified the department of its intent not to do so. Failure to mail the renewal application in accordance with~~

1 ~~subdivision (a) or to mail the notice provided in this subdivision~~
2 ~~shall not continue the right to a registration.~~

3 ~~(f)~~

4 (d) A registration that has been canceled pursuant to subdivision
5 ~~(d)~~ (c) may be reinstated during the 30 days immediately following
6 cancellation upon payment by cashier's check or money order of
7 the annual renewal fee, plus a penalty fee that shall be equal to
8 100 percent of the annual fee. A registration that has been canceled
9 pursuant to subdivision ~~(d)~~ (d) and that has not been reinstated
10 within 30 days pursuant to this subdivision is automatically revoked
11 on the 31st day after the registration has been canceled.

12 ~~(g)~~

13 (e) A renewal application shall not be deemed filed within the
14 meaning of this section unless the document itself has been actually
15 delivered to, and the required renewal fee has been paid at, any
16 office of the department during office hours, or unless both the
17 document and fee have been filed and remitted pursuant to Section
18 11003 of the Government Code.

19 26046. An application for mandatory commercial registration
20 shall include, but shall not be limited to, all of the following:

21 (a) For all applicants:

22 (1) The legal name and proposed physical addresses of the
23 mandatory commercial registrant.

24 (2) The name, address, and date of birth of each principal officer
25 and board member.

26 (3) Operating and inventory control procedures to ensure
27 security and prevent diversion.

28 (4) Detailed operating procedures for the proposed facility,
29 which shall include, but not be limited to, provisions for facility
30 and operational security, prevention of diversion, employee
31 screening, storage of medical cannabis, personnel policies, and
32 recordkeeping procedures.

33 (5) A list of all persons or entities having an ownership interest
34 other than a security interest, lien, or encumbrance on any property
35 that will be used by the applicant.

36 (6) Evidence of the legal right to occupy and use an established
37 location, or an immunity from prosecution for that occupancy or
38 use pursuant to a local ordinance or ordinances, *including, but not*
39 *limited to, Measure D, approved by the voters of the City of Los*
40 *Angeles at the May 21, 2013, general election*, for the activities

1 to be conducted if the desired registration is granted consistent
2 with the provisions of this chapter and the regulations developed
3 by the department.

4 (7) Documentation that the applicant will be in compliance with
5 all local ordinances and regulations, including an entity granted
6 immunity under Measure D, approved by the voters of the City of
7 Los Angeles ~~on~~ at the May 21, 2013, ~~ballot~~ general election.

8 (8) Evidence that officers and owners of the applicant
9 organization are citizens of the United States and residents of the
10 State of California.

11 (b) ~~In~~ *For applications for cultivation and processing, in*
12 *addition to the requirements of subdivision (a), for cultivation and*
13 *processing applicants, the application shall also include* detailed
14 operating procedures for cultivation, extraction and infusion
15 methods, transportation of products, inventory procedures,
16 procedures for quality control, and onsite testing of product for
17 potential contaminants.

18 26047. Upon receipt of an application for a registration and
19 the applicable fee, the department shall make a thorough
20 investigation to determine whether the applicant and the premises
21 for which a registration is applied qualify for the registration and
22 whether the provisions of this chapter have been complied with,
23 and shall investigate all matters connected therewith which may
24 affect the public welfare and morals. The department shall deny
25 an application for a registration if either the applicant or the
26 premises for which a registration is applied do not qualify for a
27 registration under this chapter. The department further shall deny
28 an application for a registration if *the department finds that*
29 *issuance of that registration would tend to create a law enforcement*
30 *problem. The department may place reasonable conditions upon*
31 *registrations if grounds exist for denial of the registration, and the*
32 *department finds those grounds may be removed by the imposition*
33 *of those conditions conditions, provided that the requirements set*
34 *forth in paragraphs (6) and (8) of subdivision (b) of Section 26040*
35 *shall not be waived.*

36 26048. A physician shall not recommend medical cannabis to
37 a patient while the physician is a mandatory commercial registrant,
38 or an officer, director, *owner, member, shareholder,* employee, or
39 financial beneficiary of a mandatory commercial registrant.

1 26049. (a) The actions of a mandatory commercial registrant
2 or provisional registrant, its employees, and its agents, permitted
3 pursuant to a mandatory commercial registration or provisional
4 registration issued by the department or otherwise permitted by
5 this chapter, that are conducted in accordance to the requirements
6 of this chapter and regulations adopted pursuant to the authority
7 granted by this chapter, are not unlawful *under state law* and shall
8 not be an offense subject to arrest, prosecution, or other sanction
9 under state ~~or local~~ law, or be subject to a civil fine or be a basis
10 for seizure or forfeiture of assets under state ~~or local~~ law.

11 (b) The actions of a person who, in good faith and upon
12 appropriate investigation, allows his or her property to be used by
13 a mandatory commercial registrant or provisional registrant, its
14 employees, and its agents, as permitted pursuant to a mandatory
15 commercial registration or provisional registration issued by the
16 department or otherwise permitted by this chapter, are not unlawful
17 *under state law* and shall not be an offense subject to arrest,
18 prosecution, or other sanction under state ~~or local~~ law, or be subject
19 to a civil fine or be a basis for seizure or forfeiture of assets under
20 state ~~or local~~ law.

21 (c) *This section shall not be deemed to limit the authority or*
22 *remedies of a city or county under any provision of law, including,*
23 *without limitation, Section 26010 or 26060 of this code or Section*
24 *7 of Article XI of the California Constitution.*

25 26050. (a) A registrant shall not cultivate, process, store,
26 manufacture, test, transport, or sell medical cannabis in the state
27 unless accurate records are kept at the registered premises of the
28 growing, processing, storing, manufacturing, testing, transporting,
29 or selling by the registrant in the state. *These records shall include*
30 *the name and address of the supplier of any cannabis or cannabis*
31 *products received or possessed by the registrant, the location at*
32 *which the cannabis was cultivated, the amount of cannabis*
33 *received, the form in which it is received, the name of the employee*
34 *receiving it, and the date of receipt.* These records shall further
35 include receipts for all expenditures incurred by the ~~registrant,~~
36 *registrant and banking records, if any, for all funds obtained or*
37 *expended in the performance of any activity under the authority*
38 *of the registration,* provided that a registrant registered to act at
39 more than one premises may keep all records at one of the

1 registered premises. Required records shall be kept for a period of
2 ~~three~~ seven years from the date of the transaction.

3 (b) The department *and any state or local agency* may make
4 any examination of the books and records of any registrant and
5 may visit and inspect the premises of any registrant that the
6 department may deem necessary to perform its duties under this
7 chapter.

8 (c) *Any books or records requested by the department or any*
9 *state or local agency shall be provided by the registrant no later*
10 *than at the end of the next business day after the request is made.*

11 (d) *The department or any state or local agency may enter and*
12 *inspect the premises of any facility operated by a registrant*
13 *between the hours of 8 a.m. and 8 p.m. on any day that the facility*
14 *is open, or at any reasonable time, to ensure compliance and*
15 *enforcement of the provisions of this chapter or any local*
16 *ordinance.*

17 (e) *In the event that the registrant or any employee of the*
18 *registrant refuses, impedes, obstructs, or interferes with an*
19 *inspection pursuant to this chapter or local ordinance, or if the*
20 *registrant fails to maintain or provide the books and records*
21 *required by this section, the registration may be summarily*
22 *suspended pursuant to paragraph (2) of subdivision (i) of Section*
23 *26022 and the department shall directly commence proceedings*
24 *for the revocation of the registration in accordance with this*
25 *chapter.*

26 26052. (a) This chapter shall not apply to, and shall have no
27 diminishing effect on, the rights and protections granted to a patient
28 or a primary caregiver pursuant to the Compassionate Use Act of
29 1996.

30 (b) (1) A patient who cultivates, possesses, stores, manufactures,
31 or transports cannabis exclusively for his or her personal medical
32 use and who does not ~~sell or distribute~~ *sell, distribute, donate, or*
33 *provide cannabis to any other person* is not considered a
34 commercial registrant and is exempt from mandatory commercial
35 registration *under this chapter.*

36 (2) A primary caregiver who cultivates, possesses, stores,
37 manufactures, transports, or provides cannabis exclusively for the
38 personal medical purposes of a specified qualified patient for whom
39 he or she is the primary caregiver within the meaning of Section
40 11362.7 of the Health and Safety Code and who ~~does not sell or~~

1 ~~distribute cannabis~~ does not receive remuneration for these
2 activities except for compensation in full compliance with
3 subdivision (c) of Section 11362.765 of the Health and Safety
4 Code is not considered a commercial registrant and is exempt from
5 mandatory commercial registration *under this chapter*.

6 26054. Beginning January 1, 2014, the department shall provide
7 for provisional registrations as follows:

8 (a) The department shall request that every city or ~~county~~, county
9 provide the department with a list of approved entities providing
10 medical cannabis to qualified patients and caregivers within the
11 city or county's jurisdiction, *if any*, the location at which the entity
12 is operating, and the names of the persons who operate the entity.
13 ~~Unless~~ *If* the jurisdiction represents that the entity has ~~not~~ been
14 operating in compliance with local laws and regulations, or ~~does~~
15 ~~not have~~ *has* limited immunity under local laws, *including, but*
16 *not limited to, Measure D, approved by the voters of the City of*
17 *Los Angeles at the May 21, 2013, general election*, the department
18 shall issue a provisional registration to the entity until the time
19 that the entity's application for mandatory commercial registration
20 has been approved or denied under this chapter, but no later than
21 90 days after the department begins accepting applications for
22 mandatory commercial registration.

23 (b) The department shall issue a provisional registration to
24 individuals and entities that the department determines were, during
25 the six months prior to January 1, 2015, regularly cultivating or
26 distributing medical cannabis collectively or cooperatively in full
27 compliance with paragraphs A and B of Section IV of the
28 Guidelines for Security and Non-Diversion of Marijuana Grown
29 for Medical Use, issued by the Department of Justice in August
30 2008, *and any applicable local ordinance*, to continue to do so
31 until such time as the registrant's application for mandatory
32 commercial registration has been approved or denied under this
33 chapter, but no later than 90 days after the department begins
34 accepting applications for mandatory commercial registration. ~~In~~
35 ~~determining compliance, the department shall consider any~~
36 ~~complaints or actions made or brought by a city or county against~~
37 ~~the individual or entity~~. To qualify, provisional registrants shall
38 be required to disclose to the department the following information
39 in writing on or before January 20, 2015, in order to obtain
40 provisional registration:

1 (1) The names, addresses, and dates of birth of each principal
2 officer, owner, or board member.

3 (2) *The common street address and assessor's parcel number*
4 *of the property at which the registrant conducts any activity under*
5 *the authority of the registration.*

6 ~~(2)~~

7 (3) The common street address and assessor's parcel number
8 of the property at which any cultivation activity was or is to be
9 conducted.

10 ~~(3)~~

11 (4) For the six months prior to January 1, 2015, the quantity of
12 cannabis cultivated at a location and the quantity expected to be
13 cultivated from January 1, 2015, to June 30, 2015, inclusive. The
14 registrant shall make its records of current activity and activity for
15 the six months prior to January 1, 2015, available to the department
16 upon request.

17 (c) The department shall charge an application fee of five
18 thousand dollars (\$5,000) for each provisional registration.

19 (d) *Notwithstanding any other provision of this section, the*
20 *department shall not issue a provisional registration to any*
21 *individual or entity, or for any premises, against whom there are*
22 *pending state or local administrative or judicial proceedings or*
23 *actions initiated by a city or county under any applicable local*
24 *ordinance or who has been determined through those proceedings*
25 *to have violated any applicable local ordinance.*

26 26055. Entities that are provided immunity under Measure D,
27 approved by the voters of the City of Los Angeles ~~on~~ at the May
28 21, 2013, ~~ballot~~, *general election*, shall be considered the
29 equivalent of entities that are registered, permitted, or licensed as
30 a medical marijuana business, dispensary, or other entity involved
31 in providing medical marijuana to patients under a local ordinance
32 and shall be considered in compliance with a local ordinance for
33 the purposes of the implementation of the act adding this section
34 and any regulations promulgated by the department.

35 26056. In addition to other regulations adopted by the
36 department pertaining to mandatory commercial registrants and
37 without limiting the authority of a city or a county pursuant to
38 ~~Section 26010 or subdivision (b) of Section 26060, Section 7 of~~
39 *Article XI of the California Constitution or any other law*, the
40 department shall adopt regulations regarding the minimum

1 standards for the operation of dispensaries that establish all of the
2 following:

3 (a) Standards for labeling of products, including the name of
4 the mandatory commercial registrant from which the product was
5 obtained, and a requirement that dispensaries provide patients with
6 detailed written information about the contents of the cannabis
7 and medical cannabis products they obtain.

8 (b) Requirements for inventory control and reporting that require
9 all dispensaries to be able to demonstrate the present location,
10 amounts, and descriptions of all medical cannabis products from
11 the time of delivery to the dispensary until purchase by a qualified
12 patient or primary caregiver.

13 (c) The maximum number of dispensaries that may operate in
14 a city or county or the unincorporated areas of a county based on
15 population, taking into consideration the distances that patients in
16 rural areas may need to travel in order to reach a dispensary and
17 the availability of public transportation in both rural and urban
18 areas. *The number established by the department for any city or*
19 *county may not exceed the number of dispensaries allowed by any*
20 *applicable local ordinance.*

21 (d) Minimum educational and testing requirements for
22 dispensary staff, including background checks, and a requirement
23 that every dispensary maintain dedicated, *licensed* security staff
24 both inside and outside the dispensary.

25 (e) Maximum hours of operation for every dispensary.

26 (f) Minimum standards governing signage and advertising for
27 dispensaries.

28 26057. The department shall make recommendations to the
29 Legislature pertaining to the establishment of an appeals and
30 judicial review process for persons aggrieved by a final decision
31 of the department.

32 Article 4. Enforcement

33
34 26060. (a) The department shall work in conjunction with law
35 enforcement entities throughout the state for the purpose of
36 implementing and enforcing the rules and regulations regarding
37 commercial medical cannabis and taking appropriate action against
38 businesses and individuals who fail to comply with the law.
39

(b) Nothing in this chapter ~~shall prevent a city, county, or city and county from enforcing a zoning ordinance or law of general application, or in Article 2 (commencing with Section 11357) or Article 2.5 (commencing with Section 11362.7) of Chapter 6 of Division 10 of the Health and Safety Code shall prevent a city, county, or city and county from adopting or enforcing a zoning ordinance or other law, ordinance, or regulation that bans or regulates the location, operation, or establishment of a mandatory commercial registrant or other individual, partnership, joint venture, association, limited liability company, corporation, estate, trust, receiver, syndicate, or any other group or combination thereof acting as a unit, that cultivates, processes, possesses, stores, manufactures, tests, transports, distributes, provides, donates, or sells medical cannabis.~~

26062. Except for a person identified in Section 26052, a person shall not exercise the privilege or perform any act that a registrant may exercise or perform under the authority of a registration unless the person is acting pursuant to a registration, including a provisional registration, issued pursuant to this chapter.

26063. (a) Commencing January 1, 2016, any product containing cannabis that is distributed, except in the case of a primary caregiver distributing to a qualified patient, or offered for sale shall comply with the ~~testing and labeling~~ *testing, labeling, and food safety* requirements established through regulation by the department.

(b) No person shall steal or fraudulently use a mandatory commercial registrant identification certificate or registration or other registrant's identification card or registration issued by the department to acquire, cultivate, transport, produce, possess for sale, sell, *provide, donate*, or distribute cannabis.

(c) No person shall counterfeit, tamper with, or fraudulently produce an identification card or registration status.

(d) Any person who violates this section, or Section 26062, is guilty of a misdemeanor and shall be subject to the following penalties:

(1) For the first offense, imprisonment in a county jail for no more than six months or a fine not to exceed ~~one~~ *five* thousand dollars ~~(\$1,000)~~, (\$5,000), or both.

(2) For a second or subsequent offense, imprisonment in a county jail for no more than one year or a fine not to exceed ~~one~~ eight thousand dollars ~~(\$1,000)~~, (\$8,000), or both.

(e) Any person who is charged, prosecuted, or subjected to a civil penalty under this chapter shall not also be charged or prosecuted pursuant to the Health and Safety Code for conduct arising from the same set of facts.

26064. Any person operating an unregistered facility, building, structure, or location where cannabis is being commercially cultivated, manufactured, or possessed for sale in violation of this chapter may be subject to civil penalties of up to twenty-five thousand dollars (\$25,000) for each violation, and the department may order the destruction of any cannabis associated with that violation. *Each day of operation shall constitute a separate violation of this section.* Any civil fines collected pursuant to this section shall be deposited into the General Fund pursuant to Section 26028.

26066. The director *or any district attorney, county counsel, city attorney, or city prosecutor* may bring an action *in the name of the people of the State of California* to enjoin a violation or the threatened violation of any provision of this chapter, including, but not limited to, a registrant's failure to correct objectionable conditions following notice or as a result of any rule promulgated pursuant to this chapter. The action shall be brought in the county in which the violation occurred or is threatened to occur. Any proceeding brought pursuant to this chapter shall conform to the requirements of Chapter 3 (commencing with Section 525) of Title 7 of Part 2 of the Code of Civil Procedure.

26068. (a) A state or local law enforcement agency shall immediately notify the department of any arrests made for violations over which the department has jurisdiction which involve a registrant or registered premises. Notice shall be given within 10 days of the arrest. The department shall promptly cause an investigation to be made as to whether grounds exist for suspension or revocation of a registration of the registrant.

~~(b) The department shall not open or add an entry to a file or initiate an investigation of a registrant or suspend or revoke a registration in either of the following circumstances:~~

~~(1) Solely because the registrant or an agent acting on behalf of the registrant has reported to a state or local law enforcement~~

1 agency that suspected controlled substance violations have taken
2 place on the registered premises.

3 (2) ~~Solely based on activities constituting violations described~~
4 ~~in a report made under paragraph (1), unless the violations reported~~
5 ~~occurred with the actual knowledge and willful consent of the~~
6 ~~registrant.~~

7 26070. Nothing in this chapter shall be construed to limit a law
8 enforcement agency's ability to investigate unlawful activity in
9 relation to a mandatory commercial registrant.

10 26072. The department shall create and maintain a searchable
11 database that will allow state and local law enforcement to verify
12 a mandatory commercial registration.

13
14 Article 5. Transportation of Medical Cannabis
15

16 26100. To claim the protections of this chapter and to maintain
17 a valid mandatory commercial registration, a registrant shall ~~ship~~
18 *transport* medical cannabis products *only to the registered facilities*
19 *of a mandatory commercial registrant and only in response to a*
20 *request for a specific quantity and variety from a registered*
21 ~~dispensary or mandatory commercial~~ *that* registrant.

22 26102. (a) Prior to transporting any medical cannabis product,
23 a mandatory commercial registrant shall do the following:

24 (1) Complete a shipping manifest using a form prescribed by
25 the department.

26 (2) Securely transmit a copy of the manifest to the mandatory
27 commercial registrant that will receive the medical cannabis
28 product and to the department prior to transport.

29 (b) The mandatory commercial registrant shipping and the
30 registrant receiving shall maintain each shipping manifest and
31 make it available to the department upon request.

32 26104. (a) Transported medical cannabis products shall:

33 (1) Be transported only in a locked, safe and secure storage
34 compartment that is securely affixed to the interior of the
35 transporting vehicle.

36 (2) Not be visible from outside the vehicle.

37 (b) Any vehicle transporting medical cannabis products shall
38 travel directly from the facilities of *the* mandatory commercial
39 registrant to the *registered facilities of the* registrant authorized to
40 receive the shipment.

1 26106. (a) A mandatory commercial registrant shall staff all
2 transport vehicles with a minimum of two employees. At least one
3 delivery team member shall remain with the vehicle at all times
4 that the vehicle contains medical cannabis.

5 (b) Each delivery team member shall have access to a secure
6 form of communication by which each member can communicate
7 with personnel at the mandatory commercial registrant facility at
8 all times that the vehicle contains medical cannabis.

9 (c) Each delivery team member shall possess documentation of
10 mandatory commercial registration and a government-issued
11 identification card at all times when transporting or delivering
12 medical cannabis and shall produce it to any representative of the
13 department or law enforcement official upon request.

14 26107. *This chapter shall not be construed to authorize or*
15 *permit any registrant to transport, or cause to be transported,*
16 *cannabis or cannabis products outside the state.*

17 SEC. 7. *Section 23028 is added to the Government Code, to*
18 *read:*

19 23028. (a) (1) *In addition to any authority otherwise provided*
20 *by law, the board of supervisors of any county may impose, by*
21 *ordinance, a tax on the privilege of cultivating, dispensing,*
22 *producing, processing, preparing, storing, providing, donating,*
23 *selling, or distributing cannabis or cannabis products by a*
24 *mandatory commercial registrant operating pursuant to Chapter*
25 *18 (commencing with Section 26000) of Division 9 of the Business*
26 *and Professions Code. The tax may be imposed for general*
27 *governmental purposes or for purposes specified in the ordinance*
28 *by the board of supervisors.*

29 (2) *The board of supervisors shall specify in the ordinance*
30 *proposing the tax the activities subject to the tax, the applicable*
31 *rate or rates, the method of apportionment, and the manner of*
32 *collection of the tax. A tax imposed pursuant to this section is a*
33 *tax and not a fee or special assessment, and the tax is not required*
34 *to be apportioned on the basis of benefit to any person or property*
35 *or be applied uniformly to all taxpayers or all real property.*

36 (3) *A tax imposed by a county pursuant to this section by a*
37 *county may include a transactions and use tax imposed solely for*
38 *cannabis or cannabis products, which shall otherwise conform to*
39 *Part 1.6 (commencing with Section 7251) of Division 2 of the*
40 *Revenue and Taxation Code. Notwithstanding Section 7251.1 of*

1 *the Revenue and Taxation Code, the tax may be imposed at any*
2 *rate specified by the board of supervisors, and the tax rate*
3 *authorized by this section shall not be considered for purposes of*
4 *the combined tax rate limitation established by that section.*

5 *(4) The tax authorized by this section may be imposed upon any*
6 *or all of the activities set forth in paragraph (1), regardless of*
7 *whether the activity is undertaken individually, collectively, or*
8 *cooperatively, and regardless of whether the activity is for*
9 *compensation or gratuitously, as determined by the board of*
10 *supervisors.*

11 *(5) The board of supervisors shall specify whether the tax*
12 *applies throughout the entire county or within the unincorporated*
13 *area of the county.*

14 *(b) In addition to any other method of collection authorized by*
15 *law, the board of supervisors may provide for collection of the tax*
16 *imposed pursuant to this section in the same manner, and subject*
17 *to the same penalties and priority of lien, as other charges and*
18 *taxes fixed and collected by the county.*

19 *(c) Any tax imposed pursuant to this section shall be subject to*
20 *applicable voter approval requirements imposed by any other law.*

21 *(d) For purposes of this section, “cannabis” and “cannabis*
22 *products” shall have the meanings set forth in Section 26001 of*
23 *the Business and Professions Code.*

24 *(e) This section does not limit or prohibit the levy or collection*
25 *or any other fee, charge, or tax, or any license or service fee or*
26 *charge upon, or related to, the activities set forth in subdivision*
27 *(a) as otherwise provided by law. This section shall not be*
28 *construed as a limitation upon the taxing authority of any county*
29 *as provided by other law.*

30 ~~SEC. 7.~~

31 *SEC. 8. Section 11362.7 of the Health and Safety Code is*
32 *amended to read:*

33 *11362.7. For purposes of this article, the following definitions*
34 *shall apply:*

35 *(a) “Attending physician” means an individual who possesses*
36 *a license in good standing to practice medicine or osteopathy issued*
37 *by the Medical Board of California or the Osteopathic Medical*
38 *Board of California and who has taken responsibility for an aspect*
39 *of the medical care, treatment, diagnosis, counseling, or referral*
40 *of a patient and who has performed an appropriate prior*

1 examination, found that the patient has a medical indication, and
2 recommends marijuana for medical purposes to treat a serious
3 medical condition.

4 (b) “Department” means the State Department of Public Health.

5 (c) “Person with an identification card” means an individual
6 who is a qualified patient who has applied for and received a valid
7 identification card pursuant to this article.

8 (d) “Primary caregiver” means the individual, designated by a
9 qualified patient or by a person with an identification card, who
10 has consistently assumed responsibility for the housing, health, or
11 safety of that patient or person, and may include any of the
12 following:

13 (1) In any case in which a qualified patient or person with an
14 identification card receives medical care or supportive services,
15 or both, from a clinic licensed pursuant to Chapter 1 (commencing
16 with Section 1200) of Division 2, a health care facility licensed
17 pursuant to Chapter 2 (commencing with Section 1250) of Division
18 2, a residential care facility for persons with chronic life-threatening
19 illness licensed pursuant to Chapter 3.01 (commencing with Section
20 1568.01) of Division 2, a residential care facility for the elderly
21 licensed pursuant to Chapter 3.2 (commencing with Section 1569)
22 of Division 2, a hospice, or a home health agency licensed pursuant
23 to Chapter 8 (commencing with Section 1725) of Division 2, the
24 owner or operator, or no more than three employees who are
25 designated by the owner or operator, of the clinic, facility, hospice,
26 or home health agency, if designated as a primary caregiver by
27 that qualified patient or person with an identification card.

28 (2) An individual who has been designated as a primary
29 caregiver by more than one qualified patient or person with an
30 identification card, if every qualified patient or person with an
31 identification card who has designated that individual as a primary
32 caregiver resides in the same city or county as the primary
33 caregiver.

34 (3) An individual who has been designated as a primary
35 caregiver by a qualified patient or person with an identification
36 card who resides in a city or county other than that of the primary
37 caregiver, if the individual has not been designated as a primary
38 caregiver by any other qualified patient or person with an
39 identification card.

1 (e) A primary caregiver shall be at least 18 years of age, unless
2 the primary caregiver is the parent of a minor child who is a
3 qualified patient or a person with an identification card or the
4 primary caregiver is a person otherwise entitled to make medical
5 decisions under state law pursuant to Sections 6922, 7002, 7050,
6 or 7120 of the Family Code.

7 (f) “Qualified patient” means a person who is entitled to the
8 protections of Section 11362.5, but who does not have an
9 identification card issued pursuant to this article.

10 (g) “Identification card” means a document issued by the State
11 Department of Public Health that document identifies a person
12 authorized to engage in the medical use of marijuana and the
13 person’s designated primary caregiver, if any.

14 (h) “Serious medical condition” means all of the following
15 medical conditions:

16 (1) Acquired immune deficiency syndrome (AIDS).

17 (2) Anorexia.

18 (3) Arthritis.

19 (4) Cachexia.

20 (5) Cancer.

21 (6) Chronic pain.

22 (7) Glaucoma.

23 (8) Migraine.

24 (9) Persistent muscle spasms, including, but not limited to,
25 spasms associated with multiple sclerosis.

26 (10) Seizures, including, but not limited to, seizures associated
27 with epilepsy.

28 (11) Severe nausea.

29 (12) Any other chronic or persistent medical symptom that
30 either:

31 (A) Substantially limits the ability of the person to conduct one
32 or more major life activities as defined in the Americans with
33 Disabilities Act of 1990 (Public Law 101-336).

34 (B) If not alleviated, may cause serious harm to the patient’s
35 safety or physical or mental health.

36 (i) “Written documentation” means accurate reproductions of
37 those portions of a patient’s medical records that have been created
38 by the attending physician, that contain the information required
39 by paragraph (2) of subdivision (a) of Section 11362.715, and that
40 the patient may submit to a county health department or the

1 county's designee as part of an application for an identification
2 card.

3 ~~SEC. 8.~~

4 *SEC. 9.* Section 11362.775 of the Health and Safety Code is
5 amended to read:

6 11362.775. (a) Qualified patients, persons with valid
7 identification cards, and the designated primary caregivers of
8 qualified patients and persons with identification cards, who
9 associate within the State of California in order collectively or
10 cooperatively to cultivate marijuana for medical purposes, shall
11 not solely on the basis of that fact be subject to state criminal
12 sanctions under Section 11357, 11358, 11359, 11360, 11366,
13 11366.5, or 11570.

14 (b) This section shall remain in effect only until 90 days after
15 the Department of Alcoholic Beverage Control posts a notice on
16 its Internet Web site that it began accepting applications for
17 mandatory commercial registration pursuant to Article 3
18 (commencing with Section 26040) of Chapter 18 of Division 9 of
19 the Business and Professions Code, and as of that date is repealed.

20 ~~SEC. 9. Chapter 4 (commencing with Section 7294) is added~~
21 ~~to Part 1.7 of Division 2 of the Revenue and Taxation Code, to~~
22 ~~read:~~

23
24 ~~CHAPTER 4. LOCAL MEDICAL MARIJUANA TAXES~~

25
26 ~~Article 1. Counties Medical Marijuana Tax~~

27
28 ~~7294. (a) Notwithstanding any other law, the board of~~
29 ~~supervisors of any county may levy, increase, or extend a~~
30 ~~transactions and use tax for tangible personal property that is~~
31 ~~medical marijuana or medical marijuana-infused products for~~
32 ~~general purposes if the ordinance proposing that tax is approved~~
33 ~~by a two-thirds vote of all members of the board of supervisors~~
34 ~~and the tax is approved by a majority vote of the qualified voters~~
35 ~~of the county voting in an election on the issue. The board of~~
36 ~~supervisors may levy, increase, or extend more than one~~
37 ~~transactions and use tax under this section, if the adoption of each~~
38 ~~tax is in the manner prescribed in this section.~~

39 ~~(b) (1) The transactions and use tax shall conform to Part 1.6~~
40 ~~(commencing with Section 7251).~~

1 ~~(2) Notwithstanding Section 7251.1, the tax rate authorized by~~
2 ~~this section shall not be considered for purposes of the combined~~
3 ~~rate established by that section.~~

4 ~~7294.5. (a) Notwithstanding any other law, the board of~~
5 ~~supervisors of any county may levy, increase, or extend a~~
6 ~~transactions and use tax for tangible personal property that is~~
7 ~~medical marijuana or medical marijuana-infused products for~~
8 ~~specific purposes. The tax may be levied, increased, or extended~~
9 ~~for the purpose for which it is established, if all of the following~~
10 ~~requirements are met:~~

11 ~~(1) The ordinance proposing that tax is approved by a two-thirds~~
12 ~~vote of all members of the board of supervisors and is subsequently~~
13 ~~approved by a two-thirds vote of the qualified voters of the county~~
14 ~~voting in an election on the issue.~~

15 ~~(2) (A) The transactions and use tax conforms to the~~
16 ~~Transactions and Use Tax Law Part 1.6 (commencing with Section~~
17 ~~7251).~~

18 ~~(B) Notwithstanding Section 7251.1, the tax rate authorized by~~
19 ~~this section shall not be considered for purposes of the combined~~
20 ~~rate established by that section.~~

21 ~~(3) The ordinance includes an expenditure plan describing the~~
22 ~~specific projects for which the revenues from the tax may be~~
23 ~~expended.~~

24 ~~(b) A county shall be deemed to be an authority for purposes~~
25 ~~of Chapter 1 (commencing with Section 55800) of Part 3 of~~
26 ~~Division 2 of Title 5 of the Government Code.~~

27 ~~7294.6. Notwithstanding any other law, the combined rate of~~
28 ~~all taxes imposed in any county pursuant to this article and pursuant~~
29 ~~to Article 2 (commencing with Section 7295) shall not exceed the~~
30 ~~rate of 5 percent.~~

31
32 Article 2. Cities Medical Marijuana Tax
33

34 ~~7295. (a) Notwithstanding any other law, the governing body~~
35 ~~of any city may levy, increase, or extend a transactions and use~~
36 ~~tax for tangible personal property that is medical marijuana or~~
37 ~~medical marijuana-infused products for general purposes if the~~
38 ~~ordinance proposing that tax is approved by a two-thirds vote of~~
39 ~~all members of that governing body and the tax is approved by a~~
40 ~~majority vote of the qualified voters of the city voting in an election~~

1 on the issue. The governing body may levy, increase, or extend
2 more than one transactions and use tax under this section, if the
3 adoption of each tax is in the manner prescribed in this section.

4 (b) (1) The transactions and use tax shall conform to Part 1.6
5 (commencing with Section 7251).

6 (2) Notwithstanding Section 7251.1, the tax rate authorized by
7 this section shall not be considered for purposes of the combined
8 rate established by that section.

9 7295.5. Notwithstanding any other law, the governing body
10 of any city may levy, increase, or extend a transactions and use
11 tax for tangible personal property that is medical marijuana or
12 medical marijuana-infused products for specific purposes. The tax
13 may be levied, increased, or extended for the purpose for which
14 it is established, if all of the following requirements are met:

15 (a) The ordinance proposing that tax is approved by a two-thirds
16 vote of all members of the governing body and is subsequently
17 approved by a two-thirds vote of the qualified voters of the city
18 voting in an election on the issue.

19 (b) (1) The transactions and use tax conforms to the
20 Transactions and Use Tax Law Part 1.6 (commencing with Section
21 7251).

22 (2) Notwithstanding Section 7251.1, the tax rate authorized by
23 this section shall not be considered for purposes of the combined
24 rate established by that section.

25 (c) The ordinance includes an expenditure plan describing the
26 specific projects for which the revenues from the tax may be
27 expended.

28 7295.6. (a) The authority of a city to impose transactions and
29 use taxes under Sections 7295 and 7295.5 shall not exceed the rate
30 of 2 percent.

31 (b) An ordinance proposing a tax shall contain a provision that
32 any person subject to a transactions and use tax under a county
33 ordinance shall be entitled to credit against the payment of taxes
34 due under that ordinance in the amount of transactions and use tax
35 due to any city in the county.

36 SEC. 10. The provisions of this act are severable. If any
37 provision of this act or its application is held invalid, that invalidity
38 shall not affect other provisions or applications that can be given
39 effect without the invalid provision or application.

1 SEC. 11. The Legislature finds and declares that Section 3 of
2 this act imposes a limitation on the public's right of access to
3 documents in the possession of a public agency within the meaning
4 of Section 3 of Article I of the California Constitution. Pursuant
5 to that constitutional provision, the Legislature makes the following
6 finding to demonstrate the interest protected by this limitation and
7 the need for protecting that interest:

8 It is necessary to maintain the confidentiality of patient and
9 physician information provided to the Division of Medical
10 Cannabis Regulation and Enforcement in order to protect the
11 private medical information of patients who use medical cannabis
12 and to preserve the essential confidentiality of the physician and
13 patient relationship.

14 SEC. 12. No reimbursement is required by this act pursuant to
15 Section 6 of Article XIII B of the California Constitution because
16 the only costs that may be incurred by a local agency or school
17 district will be incurred because this act creates a new crime or
18 infraction, eliminates a crime or infraction, or changes the penalty
19 for a crime or infraction, within the meaning of Section 17556 of
20 the Government Code, or changes the definition of a crime within
21 the meaning of Section 6 of Article XIII B of the California
22 Constitution.